

**Housing Authority - County of Los Angeles**

February 21, 2006

TO: EACH SUPERVISOR

FROM: CARLOS JACKSON  
Executive Director

**SUBJECT: FISCAL YEAR 2006-2007 ANNUAL PLAN**

The purpose of this memo is to provide you with information regarding the development of the Fiscal Year (FY) 2006-2007 Annual Plan. The Quality Housing and Work Responsibility Act of 1998 (QHWRA) requires Public Housing Agencies (PHAs) to submit an Annual Plan to the U.S. Department of Housing and Urban Development (HUD). The Annual Plan identifies key policy items and financial resources for both the Public Housing and Section 8 programs. The Annual Plan must be submitted to HUD for approval by April 17, 2006.

In accordance with QHWRA, the Housing Authority must initiate the following activities:

- Form a Resident Advisory Board (RAB)

This year, the Housing Authority actively recruited Section 8 participants and Public Housing Resident Council members to participate in the RAB for the Annual Plan process. In recruiting for the Section 8 RAB, a recruiting announcement was sent to 38 existing RAB members. In recruiting for the Public Housing RAB, recruitment flyers were distributed to all Resident Councils. There were a total of 26 RAB participants and a total of five meetings were held.

- Public Outreach Activities and Board of Commissioners' Approval

In addition to the RAB, the Housing Authority is required to have a 45-day public review and comment period, which extends from January 6, 2006 through February 19, 2006. During the review period, the Annual Plan and all required attachments must be available for the public. All comments must be submitted to HUD along with the Annual Plan. The Housing Authority will provide you with all public comments at the conclusion of the public comment period.

During the public review and comment period, summaries of the Annual Plan were made available in the following languages: Spanish, Russian, Korean, Braille and Chinese. The Annual Plan was made available at nine libraries, 11 housing developments, the South Whittier Community Resource Center, Housing Authority administrative offices, and on the Housing Authority website.

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Availability of the Annual Plan documents and summaries were publicized in a December 2005 letter sent to all Public Housing residents, and in the January 2006 Section 8 Tenant Talk newsletter. Additionally, a public notice announcing the 45-day Public Review and Comment Period and Public Hearing date was published in January 2006 in the Los Angeles Times, La Opinion, the Daily News, Wave Community Newspaper, International Daily News, L.A. Sentinel and the Long Beach Press Telegram.

The Housing Authority will request approval of the Annual Plan from the Housing Commission on February 22, 2006 and from the Board of Commissioners at the March 28, 2006 public hearing.

The Housing Authority is proposing the following major changes:

- **ANNUAL PLAN**

HUD allows the Housing Authority to define what would be considered a "significant amendment" to the Annual Plan. The Housing Authority currently defines a significant amendment as a change in program policy or procedure that would significantly impact program applicants or participants. This includes any revisions to the Public Housing Admissions and Continued Occupancy Policy (ACOP) and/or the Section 8 Administrative Plan that would change a policy or procedure contained in the Annual Plan. Under this definition, a large majority of program changes are considered significant amendments.

The current definition exceeds the intended purpose and creates an extreme administrative burden for the Housing Authority. The revised definition of a significant amendment is limited to specific changes in program policy or procedure that would significantly impact program applicants and participants, as follows:

- Change in Rent Calculation;
- Change to the Admissions policy;
- Organization of the waiting list;
- Additions of non-emergency work items (items not included in the current Capital fund Annual Statement or Five-Year Action Plan);
- Change in the use of replacement reserve funds under the Capital Fund Program; and
- Any change with regard to demolition or disposition, designation, homeownership programs, or conversion activities.

- **CONVENTIONAL PUBLIC HOUSING PROGRAM**

- 1. NEW FRAUD CHAPTER

This change is reflected in the Lease Agreement, which is a written agreement between the Housing Authority and an eligible family for the leasing of a housing unit. In an effort to reduce overpayments on the part of the Housing Authority and to identify and act on underreporting of income by public housing residents, the Housing Authority has established a fraud policy in compliance with HUD Notice PIH 2003-34 Rental Integrity Monitoring (RIM) Disallowed Costs and Sanctions Under the Rental Housing Integrity Improvement Project (RHIP) Initiative.

The fraud policy incorporates HUD guidelines and regulations to combat fraud and to comply with the Presidential Mandate requiring housing authorities to reduce income and rent errors and to seek compliance with the Improper Payments Information Act of 2002 (Public Law No: 107-300). In compliance with the RIM initiative, the fraud policy focuses on the Housing Authority's income and rent calculations and those occupancy activities (e.g. Housing Authority's quality control procedures) that directly impact the accuracy of income and rent calculations. The fraud policy establishes guidelines and provides a comprehensive course of action to prevent fraud, waste, and mismanagement.

- 2. TRANSFER POLICY

Currently the Housing Authority does not prioritize types of housing unit transfers. The Housing Authority will now prioritize transfers according to the following hierarchy: emergency, reasonable accommodation, modernization, occupancy standards and resident-initiated.

If the Housing Authority initiates a transfer, which may occur due to unit rehabilitation, under/or over-housed units, emergencies, or other instances, the Housing Authority will make one unit offer to the resident. A resident may reject a transfer offer only for good cause, as determined by the Housing Authority. The Executive Director will have the authority to approve or disapprove all transfers.

- 3. CRIMINAL ACTIVITY

Current language in the ACOP and Lease Agreement specifies that residents must refrain from, and ensure that household members and guests refrain from, engaging in drug-related and/or violent criminal activity on or within 1,000 feet of the housing development premises.

The Housing Authority will revise the "1,000 feet" provision to "on or off the housing development premises" to be consistent with Federal Regulations. This revision will enhance the Housing Authority's ability to terminate tenancy for criminal activity that occurs beyond 1,000 feet from Housing Authority premises.

- **SECTION 8 TENANT-BASED PROGRAM**

1. TERMINATION FOR INSUFFICIENT FUNDS

The Housing Authority will establish guidelines for terminating Housing Assistance Payments (HAP) contracts, if funding is insufficient to support continued assistance for program families. There is currently no policy that specifically addresses this issue, but a policy is needed due to the uncertainty of future Section 8 budget allocations. If funding falls below an amount needed to maintain the assistance levels provided to program participants, a method to determine which contracts to terminate would be developed and presented to you. Examples of possible methods could include termination by: random lottery, most recently executed contracts, or lowest subsidy contracts. Contracts of elderly and disabled families would not be subject to termination under any policy developed.

2. PREFERENCE FOR TERMINATED FAMILIES

The Housing Authority is establishing a waiting list preference for families whose assistance has been terminated due to insufficient funding. Impacted families will receive a waiting list preference after families who are admitted through set-aside, targeted and special programs. HUD requires the Housing Authority to include any policies regarding the resumption of assistance for the impacted families in the Administrative Plan.

3. RESIDENCY PREFERENCE

The Housing Authority will revise its residency preference for new admissions to the Section 8 Program. Currently, this preference is given to families who live, work, or attend full-time education or job training programs in the Housing Authority's jurisdiction. The new policy will give the residency preference only to families that live or work in the Housing Authority's jurisdiction. The new policy is in line with the existing admissions policy for the Conventional Public Housing Program, and basic HUD requirements, and will reflect the Housing Authority's existing ability to track and monitor waiting list families.

#### 4. CREDIT REVIEWS

The Housing Authority is revising its methodology for determining when to conduct credit reviews for Section 8 applicants and participants. Currently, credit reviews are conducted for 20 percent of all new applicants, 100 percent of zero income participant households, and 1,500 to 2,000 randomly selected existing participants. The Housing Authority has determined that a more selective methodology will preserve program integrity, while also reducing costs and utilizing staff time more efficiently. Under the new methodology, 1,500 credit reviews will be conducted annually for new applicants and existing participants. Credit reviews will be randomly conducted from categories including new applicants, additional household members, and existing participants, including portability and zero-income households, staff referrals and fraud inquiries.

#### 5. RE-EXAMINATIONS FOR INCREASES IN INCOME

The Housing Authority currently conducts an interim re-examination whenever a Section 8 participant reports an increase in income. This policy was implemented in 2005, in response to a decreased budget, so participants who reported income increases would be subject to a revised calculation of their portion of the rent. However, due to administrative costs, HAP utilization rates and staffing resources, the Housing Authority needs additional flexibility to determine when to conduct interim re-examinations for participants when their income increases. The new policy gives the Housing Authority the option to conduct an interim re-examination immediately upon notification by the participant of an increase in income, or to wait to make any adjustment at the next annual re-examination.

#### 6. OWNER DISAPPROVAL

The Housing Authority has the discretion to disapprove owners from participating in the Section 8 Program for violations of HAP contract obligations. The Housing Authority is now establishing a specific disapproval timeframe to govern future participation of owners whose HAP contracts are terminated for owner breach. The Housing Authority will disapprove owners as follows: for 10 years following contract termination for engaging in any drug-related or violent criminal activity; for three years following contract termination for committing fraud, bribery or any other corrupt act in connection with any federal housing program; and for one year following contract termination for other violations including housing quality standards violations.

The Housing Authority will consider any disapproval of owners on a case-by-case basis after completion of a full investigation. The Housing Authority will attempt to

minimize any disruption to Section 8 Program participants resulting from any owner disapproval and will extend participants' housing vouchers, if necessary.

#### 7. CRIMINAL ACTIVITY

The Section 8 Program will mirror the changes to the criminal activity policy outlined in the ACOP for the Conventional Public Housing Program. Currently under the Section 8 Program, household members and guests who engage in drug-related criminal activity can be terminated if the activity is within 1,000 feet of the assisted unit. The revision enhances the policy, to allow the Housing Authority to terminate assistance if the drug-related and/or criminal activity is on or off the premises of the assisted unit.

#### 8. HOMELESS SET-ASIDE PROGRAM

In the FY 2006 Annual Plan, the Housing Authority proposed to expand the existing Section 8 Homeless set-aside program to include 50 additional vouchers for families that were both homeless and disabled with the Los Angeles County Department of Health Services (DHS). In an effort to also provide assistance to individuals being released from hospitals that were previously housed, but due to their illness have lost their housing, the definition of homeless has been revised to include this population instead of expanding the existing Section 8 Homeless set-aside program.

Should you have any questions or concerns, please contact me at (323) 890-7400 or Rebecca L. Craig, Assisted Housing Director, at (562) 347-4663, extension 8611.

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c: Board Deputies